

**TESTIMONY PRESENTED TO THE FINANCE, REVENUE AND BONDING
COMMITTEE
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Testimony in Opposition to Senate Bill No.1114

AN ACT CONCERNING THE GOVERNING BOARD OF THE HARBOR POINT DISTRICT AND AN
EXPANSION OF TAX INCREMENTAL FINANCING

Senator Fonfara, Representative Widlitz and distinguished members of the Finance, Revenue and Bonding Committee, thank you for the opportunity to offer testimony in opposition to certain provisions of Senate Bill No. 1114, An Act Concerning the Governing board of the Harbor Point District and an Expansion of Tax Incremental Financing.

Sections 2 through 4 of this bill would dramatically expand the use of tax incremental financing (TIF). The bill proposes providing municipalities with new TIF authority utilizing incremental state income tax and sales tax collections. It also expands the existing statutory municipal TIF authority for information technology and remediation projects which may be financed with incremental property tax revenue. The expanded authority adds municipal development projects as eligible projects and also adds state income tax and sales tax collections to the incremental revenue sources to be used.

Under current law, TIFs approved by the state must be large-scale economic development projects that add a substantial amount of new economic activity for the municipality, region and state. These TIFs may only use the incremental hotel occupancy, sales and admissions and dues taxes as a measure to ascertain whether sufficient revenues are being generated.

This bill requires the actual segregation of state tax receipts to pay the debt service on bonds for municipal development projects. I do not support siphoning off portions of the state's primary revenue sources to fund individual municipal projects, particularly since this administration provides more than \$4.4 billion annually for municipal aid, local school construction, and the teachers' pension fund, as well as substantial grant funding for the very same types of municipal development projects addressed in this bill.

I would like to again thank the committee for the opportunity to present this testimony. I respectfully request the Committee remove section 2 through 4 from this bill.